

Message Text

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ACTION COME-00

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FMC-02 INR-07 NSAE-00 RSC-01 CG-00 COA-01 DLOS-05

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R 122246Z DEC 74

FM AMCONSUL PORT MORESBY

TO SECSTATE WASHDC 203

INFO AMEMBASSY CANBERRA

AMCONSUL SYDNEY

AMCONSUL BRISBANE

AMEMBASSY WELLINGTON

UNCLAS PORT MORESBY 0426

FOR MARAD

PASS COMMERCE

E.O. 11652: NA

TAGS: BEXP PP

SUBJECT: PFEL EXTENDS SERVICE TO PAPUA NEW GUINEA

1. SUMMARY: PFEL IS EXTENDING ITS SHIPPING SERVICES TO PAPUA NEW GUINEA. INITIALLY, PFEL WILL STOP AT LEA, RABAU, AND KIETA, IT EXPECTS TO NEGOCIATE AN ADDITIONAL STOP AT PORT MORESBY WITHIN THE NEXT SIX MONTHS. THE NEW SERVICE WILL SUBSTANTIALLY INCREASE U.S. TRADE COMPETATIVENESS IN PNG BY ELIMINATING TRANSHIPMENT AT SYDNEY OR HONG KONG. ADDITIONALLY, THE SERVICE EVERY TWENTY DAYS FROM THE U.S. IS EXPECTED TO ENCOURAGE SMALL SCALE WEST COAST EXPORTERS AS WELL AS REDUCE PRESENT RELIANCE ON AIR FREIGHT. END SUMMARY.

2. PACIFIC FAR EAST LINES VICE PRESIDENT CHRISTOPOLOUS AND THE LOCAL RESIDENT REPRESENTATIVE, J. C. WALLER, TOLD CONSULATE OFFICERS THAT PFEL HAD ADDED LAE, ON THE NORTH COAST, RABAU ON NEW BRITAIN ISLAND AND KIETA
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ON BOUGAINVILLE ISLAND TO ITS LIST OF PORTS VISITED ON

THE SWING NORTH FROM AUSTRALIA TO THE U.S. ACCORDING TO A GPNG NEW RELEASE, THE MINISTER FOR TRANSPORT AND CIVIL AVIATION, MR. TAMBAKEY OKUK, STRESSED THAT THE THREE LASH TYPE VESSELS, GOLDEN BEAR, THE CHINA BEAR, AND THE PHILIPPINE BEAR WOULD GREATLY ASSIST PAPUA NEW GUINEA'S TRADING LINKS IN SEVERAL AREAS.

3. THE SHIPS WILL ARRIVE AT PNG PORTS EVERY 20 DAYS FROM PORTS ON THE WEST COAST AND AUSTRALIA. U.S. CITIES SERVED WILL BE: TACOMA/SEATTLE, ASTORIA/PORTLAND, SAN FRANCISCO, AND LOS ANGELES/LONG BEACH. THE SHIPS ALSO CALL AT MELBOURNE, SYDNEY, AND BRISBANE BEFORE ARRIVING IN PNG WATERS AND WILL CONTINUE ON TO AUCKLAND GIVING PNG DIRECT LINKS TO NEW ZEALAND AND THE U.S. ON A REGULAR BASIS.

4. OF SPECIAL INTEREST IS THE PFEL INTENT TO ADD PORT MORESBY AS A REGULAR PORT OF CALL WITHIN THE NEXT 6 MONTHS. THEIR PLANS ARE TO NEGOCIATE AN AGREEMENT WITH THE GPNG ALLOWING THE USE OF A FLASH (FEEDER LASH) BARGE WHICH WILL SERVICE PORT MORESBY AND THE SMALL COASTAL TOWNS IN THE AREA. CHRISTOPOLOUS DISCUSSED THE IDEA OF HAVING THE SMALLER VESSEL OPERATING IN PNG WATERS FLY THE PNG FLAG AND USE PNG CREWMEN IN A JOINT VENTURE BETWEEN GPNG AND PFEL.

COMMENT: ESTABLISHMENT OF A JOINT VENTURE WOULD HELP REDUCE PRESSURES ON THE GPNG BY LOCAL COASTAL SHIPPERS WHO CANNOT BE EXPECTED TO WELCOME PFEL'S COMPETITION IN THE LOCAL SHIPPING TRADE. END COMMENT.

5. CHRISTOPOLOUS SAID THAT PFEL WAS INTERESTED IN CARRYING CARGO RESULTING FROM THE PROJECTED STARKIST CANNING FACTORY WHEN IT BECOMES OPERATIONAL. IT ALSO EXPECTS TO CARRY COFFEE, TEA, AND TIMBER TO THE U.S. PFEL IS ALSO WELL AWARE OF THE IMPORT POSSIBILITIES TO BE GENERATED BY THE PROPOSED KENNECOTT OK TEDI PROJECT.

6. EITHER PFEL PRESIDENT JAMES ALIOTTO OR CHRISTOPOLOUS PLAN TO INITIATE NEGOCIATIONS WITH THE GPNG AFTER THE NEW YEAR. CHRISTOPOLOUS EXPRESSED INTEREST IN HAVING UNCLASSIFIED

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CONGEN ASSISTANCE AT LEAST IN INITIAL STAGES OF TALKS WITH GPNG OFFICIALS.

7. COMMENT: THE PFEL INITIATIVE COULD NOT COME AT A BETTER TIME FOR PNG WHICH IS ACTIVELY SEEKING TO BROADEN ITS TRADING TIES AND REDUCE ITS HEAVY RELIANCE ON ERRATIC AUSTRALIAN SHIPPING AND MANUFACTURERS. WE BELIEVE BOTH THE U.S. AND PNG WILL BENEFIT FROM A DIRECT SHIPPING LINK. ALTHOUGH

PNG IS A SMALL CONSUMER MARKET, LOCAL CONSUMER PRICES ARE FAR ABOVE WORLD PRICES THUS MAKING U.S. CONSUMER GOODS HIGHLY COMPETATIVE. HEAVY EQUIPMENT AND OTHER LARGE ITEMS NEEDED FOR THE PROJECTED HUGE DEVELOPMENTAL PROJECTS SUCH AS THE PURARI AND OK TEDI SCHEMES SHOULD GAIN A FURTHER COMPETITIVE EDGE WITH ASSURED RAPID, DIRECT SHIPPING. END COMMENT.

8. FOR COMMERCE: COMMERCE MAY WISH TO ALERT AMERICAN BUSINESSMEN TO THE ADVANTAGES OF THIS NEW DIRECT SHIPPING LINK BETWEEN THE U.S. AND PNG IN COMMERCE TODAY OR THROUGH OTHER APPROPRIATE MEANS.
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